



TAYLOR FORGE ENGINEERED SYSTEMS, INC.

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DATE: July 1, 2007
TO: All Garnett Shop Employees
FROM: Mike England – Garnett Plant Manager *ME*
SUBJECT: Attendance Policy

Effective July 1, **2007**, the following will serve to clarify and further define Shop Rule #1.

Taylor Forge Engineered Systems, Inc. depends heavily upon its employees, therefore, it is important that employees are at work during their scheduled time. Dependability, attendance, punctuality, and a commitment to do a good job are essential to our mutual success. This policy is to emphasize to the employees the need for good attendance and to establish rules relative to call-in vacations, tardiness, and absenteeism that will provide fair and equal treatment to all employees.

Call-In Vacation Days

Each employee is allowed to use seven (7) of his/her earned vacation days as call-in vacation. Call-in vacation days will not be counted against the employees perfect attendance record. A call-in vacation day is one in which less than 24 hours notice is given. The reason for call-in vacation is for circumstances that arise without forewarning that requires the employee to be away from work. A call-in vacation day should be used in all absence occurrences prior to the accumulation of absence days.

Tardiness

Tardiness is defined as arriving within the first two (2) hours of the regularly scheduled work time (five minute grace period applies), leaving within the last two (2) hours of the regularly scheduled work time, or leaving for no more than two (2) hours during the regularly scheduled work time. Every **two (2)** instances of tardiness will be considered as one (1) day of absence as described below. Tardiness does not apply to weekday overtime.

Absence

The employee will be marked as absent for all other reasons except for funeral leave, contractual obligations, union activities, **subpoena not due to employees' actions**, Worker's Compensation related time off, or reasons listed above. No other considerations will be given. Upon the 10th day of absence within a rolling twelve (12) month period, a warning letter will be issued for excessive absences. Upon the 11th day of absence within a rolling twelve (12) month period, the employee will be suspended without pay for a period of three (3) days. Upon the 12th day of absence within a rolling twelve (12) month period, the employee will be disciplined up to and including discharge. Employees working one hundred twenty (120) **calendar** days with perfect attendance will be able to cancel one (1) absence.

Employees that qualify for FMLA leave or short-term disability will be handled according to the applicable rules and provisions within those policies.

How to Report An Absence

If an absence is known in advance, it should be discussed immediately and directly with your Foreman. If not reported in advance, it should be reported in the following manner:

- Between 8:00 a.m. and 4:30 p.m. on weekdays
 - Call 448-6803 to report an absence.
- Between 4:30 p.m. and 8:00 a.m. on weekdays and all weekends
 - Call 448-6805 and leave a message on the answering machine.
- In order to facilitate planning, the employee should call before the start of their shift.

The employee must always call in person except in cases of an emergency. Give your name, your Foreman's name, and when you expect to return. Messages should not be sent with another employee.



TAYLOR FORGE ENGINEERED SYSTEMS, INC.

Agreement Between

**Taylor Forge Engineered Systems, Inc.
Garnett, Kansas**

and the

**International Brotherhood of
Boilermakers, Iron Ship Builders,
Blacksmiths, Forgers and Helpers
Local Lodge 83**

Effective: July 1, 2007

**ARTICLES OF AGREEMENT
TAYLOR-FORGE ENGINEERED SYSTEMS, INC.**

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AGREEMENT

This Agreement is made and entered into by and between Taylor Forge Engineered Systems, Inc., Garnett, Kansas, hereinafter referred to as the "Company", its successors and assigns, and International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers, Local Lodge No. 83, AFL-CIO, hereinafter referred to as the "Union".

ARTICLE I OBJECTIVE OF AGREEMENT

It is the intent and purpose of this Agreement to set forth the wages, hours of work, and other conditions of employment for the employee in the bargaining unit and to provide orderly and harmonious collective bargaining relations between the parties. The Union and the Company agree to work in harmony towards the principle of increased productivity; and that jointly they will actively work to eliminate practices that restrict same. The parties agree to support efforts to conserve materials and supplies; improve the quality of workmanship of all employees; and to prevent accidents and strengthen goodwill between the Company and the Union.

It is assumed by the parties hereto that each provision of this Agreement is in conformity with all applicable laws of the United States and of the State of Kansas. Should it later be determined that it would be a violation of any legally effective federal or state order or statute to comply with any provision or provisions of this Agreement, the parties hereto agree to renegotiate such provision or provisions of this Agreement for the purpose of making them conform to such federal or state order or statute and the other provisions of this Agreement shall not be affected thereby, but shall remain in full force and effect.

ARTICLE II RECOGNITION

The Company agrees to recognize Local Lodge No. 83 of the International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers as the sole and exclusive bargaining agent for all regular full-time and all regular part-time production and maintenance employees employed at its' Garnett, Kansas plant, but excluding all office clerical employees, guards, watchmen, technical and professional employees and supervisors as defined in the National Labor Relations Act, as amended, and all other employees pursuant to the certification of the National Labor Relations Board on the 23rd day of January 1995 in Case No. 17-RC-11208.

ARTICLE III NON-DISCRIMINATION

It shall be the policy of the Company and the Union that there shall be no discrimination with regard to race, color, religious creed, national origin, age, sex, disability or any other classification recognized in accordance with applicable law. Any pronoun in reference to the male gender throughout this Agreement shall also include the female gender.

ARTICLE IV UNION SECURITY

This Agreement contains no provision for Union Security. However, in the event of the repeal or amendment of the Kansas Right to Work Law and/or the Labor Management Relations Act of 1947 as amended, or otherwise, or in the event of new legislation or fiducial decisions rendering permissible the utilization of a form of Union Security outlined in the following clauses, then, and in such event, the following Union Security clauses, if legally permissible, shall automatically become effective, but not until such time.

- (a) Union Shop – All employees shall be obligated to become Union Members of the Union after the 30th but not later than the 31st day of employment, the date of execution of this Agreement, or the effective date of this clause, whichever occurs last, as a condition of employment.
- (b) Maintenance of Membership – All employees who are members of the Union on the effective date of this clause shall maintain their membership in the Union as a condition of continued employment.
- (c) Agency Shop – Each employee who fails voluntarily to acquire or maintain membership in the Union shall be required, as a condition of employment beginning on the 30th day following the beginning of such employment, or the date of this Agreement, or the effective date of this clause, whichever is latest, to pay the Union each month a service charge as a contribution toward the administration of the Agreement and the representation of such employees. The service charge for the first month shall be in an amount equal to the Union's regular and usual initiation fee and monthly dues, and for each month thereafter in an amount equal to the regular and usual monthly dues.

ARTICLE V UNION DUES CHECK-OFF

Section 1. During the life of this Agreement, the Company agrees to make deductions for the dues and for the Union initiation fee for each employee who signs a deduction authorization in the form shown in Section 3 hereof.

Section 2. The Company shall make such deductions from the first pay period of each month and shall promptly remit same to the Union Secretary-Treasurer of Local Lodge No. 83, along with a duplicate list of the employees for whom such deductions were made. Such list shall advise the Union of the reason for non-transmission of dues in case of layoff, discharge, resignation, leave of absence, illness, retirement, death or other reasons.

Section 3. The deduction authorization form shall be as follows:

I, _____, hereby authorize _____
(Name of Company)

to deduct from any wages earned or to be earned by me, as your employee, and assign to Local Lodge No. 83 of the International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers the sum of \$_____ in succeeding calendar weeks, beginning with the week next following hereof, until such weekly deductions shall total the sum of \$_____ in payment of my initiation or reinstatement fees, and thereafter the sum of \$_____ per month in payment of my membership dues or such amount as may hereafter be established by the Union in accordance with its Constitution and By-Laws, and become due to it as my membership dues in said Union.

This assignment, authorization, and direction shall be irrevocable for the period of one (1) year, or until the termination of the current Agreement between the Company and the Union, whichever occurs sooner; and I agree and direct that this assignment, authorization, and direction shall be automatically renewed and shall be irrevocable for successive periods of one (1) year each, or for the period of each succeeding applicable Agreement between the Company and the Union, whichever shall be shorter, unless written notice is given by me to the Company and the Union not more than twenty (20) days and not less than ten (10) days prior to the expiration of each period of one (1) year, or of each applicable collective Agreement between the Company and the Union, whichever occurs sooner.

Executed at _____ this _____
day of _____, 20_____.

Employee's Name

Clock No.

Section 4. The Union agrees to defend, indemnify and hold harmless the Company from any and all claims, suits and damages arising out of or in any way connected with action by the Company taken for the purpose of complying with this article of the contract, including disposition of such funds after they have been remitted by the Company to the Union.

ARTICLE VI BULLETIN BOARDS

Bulletin Boards will be maintained in the plant or shop for the purpose of posting announcements of Union meetings or other Union affairs. No such notice shall contain anything controversial, political, or in any way reflect upon the Company or any employees.

ARTICLE VII ACCESS

The Company agrees that non-employee Union Representatives may have access to the Company's plant. The Union agrees that any such non-employee Union Representative shall obtain a pass at the plant office prior to coming into the plant. The Union further agrees that non-employee Union Representatives shall not conduct themselves in such a

way as to interfere with or slow down normal plant production, nor shall they call any employee away from his work station without the prior agreement of management.

ARTICLE VIII SHOP COMMITTEE

Section 1. The importance of the Union maintaining at all times a Shop Committee consisting of qualified employees of the Company, familiar with plant conditions, is recognized.

Section 2. The selection of the Shop Committee is recognized as a function of the Union. The committee shall consist of not less than three (3) nor more than four (4), of which one shall act as Machine Shop Steward and one shall act as Fabrication Shop Steward, and one of these two will be recognized as Chief Steward. Should the Company work a second or third shift, then additional Stewards may be selected to cover the additional shifts. An alternate Steward may be designated to act in lieu of the Steward when he is absent.

Section 3. The Shop Committee shall act in the capacity of a Grievance Committee and the names of the committee members shall be posted on the bulletin board by the Union in the shop from time to time as the occasion warrants.

Section 4. The Shop Committee will be permitted reasonable time to investigate or adjust grievances after first having obtained permission from their foreman. Such permission shall not be unreasonable denied. Only such time shall be taken as is reasonably necessary for discussion of matter in question.

Section 5. The Shop Committee, not to exceed three (3), shall be paid their regular rate of pay for time lost in the transaction of their duties, including grievance meetings and arbitration proceedings. This shall not be construed to include regular scheduled contract negotiations with management.

ARTICLE IX GRIEVANCE AND ARBITRATION

Any and all misunderstandings between the Company, the Union and the employees that may arise out of application or interpretation of any provisions of this Agreement and limited to the terms and conditions obtained herein, shall be disposed of in accordance with the following steps:

Section 1. Grievance

Step 1. In the event the misunderstanding or complaint is not resolved between an employee and his supervisor, then the aggrieved employee and the Steward may, if they so desire, meet with the employee's supervisor.

Step 2. In the event the complaint is not resolved as provided above, then the employee or Union may, if they so desire, file a grievance, which shall be in writing,

stating the alleged violation. No complaint shall be filed or processed covering a grievance alleged to have occurred more than five (5) working days before the same is reduced to writing and filed with the Company. For the purpose of this article, "working days" shall be considered as Monday through Friday. Grievances shall be deemed filed when delivered to the Plant Superintendent or other Company officer, either personally or by registered mail, return receipt requested.

The aggrieved employee and the Steward may, if they so desire, meet with the Plant Superintendent or his designee, who shall then file his written reply to such a grievance within five (5) working days after receipt of the same. Replies by the Company shall be deemed filed when delivered by the Union Steward or other Union Representative, either personally or by registered mail, return receipt requested.

Step 3. In the event the grievance is not resolved within ten (10) working days after it has been filed, then the Union Shop Committee may, if they so desire, meet with one or more representatives of the Company for the purpose of discussing and attempting to resolve such grievance.

Step 4. In the event the grievance is not resolved within fifteen (15) working days after it has been filed, then representatives of the Union may, if they so desire, meet with representatives of the Company in an effort to resolve the grievance.

The grievance shall be deemed resolved to the satisfaction of all parties unless written demand for arbitration is served by the complaining party in the same manner as a grievance is filed as set forth above, unless extended by mutual consent of the parties involved.

Section 2. Arbitration

Arbitration shall proceed before an arbiter selected by the parties. If the parties fail to agree upon a selection of an arbiter within ten (10) calendar days after demand for arbitration is served, then request may be made by either party within twenty (20) calendar days after demand for arbitration is served, of the Federal Mediation and Conciliation Services to designate the names of seven (7) persons qualified, impartial and able to serve as arbiters. The Union and the Company shall meet and alternately strike names of the proposed arbiters until only one (1) remains. The remaining name on the panel of arbiters shall act as arbiter of the dispute. In the event the seventh (7th) arbiter is unable or unwilling to serve and the parties cannot agree on another arbiter, then the above procedure shall be repeated until an arbiter is selected.

The arbiter shall hear the matter in dispute as soon as possible. The arbiter shall render the decision as expeditiously as possible and the same shall be final and binding upon both parties. The findings of the arbiter shall be by written award, unless the parties agree in writing to the contrary.

Each party shall bear its own expenses in preparing and presenting its case, and the fees and expenses of the arbitration hearing and the arbiter shall be borne equally by the parties. The arbiter shall have jurisdiction and authority only to interpret, apply, or determine compliance with provisions of this Agreement and shall not have authority to add to, subtract from, or in any way modify or alter its provisions.

If the arbiter finds that the Company has discharged, suspended or disciplined an employee without just cause, he shall have authority to reverse the discipline to reinstate the employee with or without back pay, in whole or in part, depending upon the circumstances of the case.

ARTICLE X PROBATIONARY PERIOD

All newly hired employees shall be considered as probationary employees until they have completed ninety (90) working days of continuous employment. Probationary employees shall not have seniority rights until completion of such period and may be laid off, displaced, discharged, or otherwise terminated, and such action shall not be subject to the grievance and arbitration procedures of this Agreement.

After successful completion of probationary period, employees shall be immediately placed in a job classification for which they are qualified.

Probationary employees will be eligible to participate in the cost share program for rental clothing after **successful completion of the probationary period.**

ARTICLE XI MANAGEMENT RIGHTS

Section 1. The Company reserves and retains, whether exercised or not, the right to manage the plant and direct the working forces, including the right to direct, plan and control plant operations; and to schedule working hours in accordance with the provisions of this Agreement; the right to establish reasonable plant working rules or regulations; the right to hire, promote, demote, transfer, suspend, discipline or discharge employees for just cause or to release employees because of lack of work, or for other legitimate reasons; to discontinue without cause the services of new employees who have not established seniority under this Agreement; the right to introduce new and improved methods or facilities, or to change existing production methods or facilities; the determination of the layout and the machinery, equipment or materials to be used; the determination of the size of the working force and the amount and kind of supervision necessary is vested exclusively in the Company. The Company may also discharge any employee, per the disciplinary procedure set forth in the plant rules, who fails to observe safety rules and regulations prescribed by the Company for the health, safety, and protection of the workers.

Section 2. These above rights are hereby agreed to, provided that the exercise of any such rights does not violate the terms of any other provision of this Agreement and does not violate any applicable law. In the exercise of these rights, the Company shall not use these rights for the purpose of discriminating against any member of the Bargaining Unit.

Section 3. The Company reserves and retains the right, whether exercised or not, to test and evaluate all employees periodically for competency in classifications.

Section 4. It is understood and established that the preceding rights of management are not an all inclusive list but rather indicative of matters or rights which belong to and are inherently reserved by management. Any of the rights, entitlements, or sanctions which the Company had prior to signing of this Agreement are reserved by the Company, excepting only those which are expressly abridged, designated, tailored, or granted to others by this Agreement.

ARTICLE XII NO STRIKE – NO LOCKOUT

Section 1. During the term of this Agreement, the grievance machinery including the arbitration procedure of this Agreement and any remedy and procedures provided by statutes shall be the sole and exclusive means of settling any dispute between the employees and/or the Union and the Company, whether relating to the application of this Agreement economic matters or otherwise; and accordingly, neither the Union nor its members shall instigate, promote, sponsor, engage in or condone any strike, slow down, concerted stoppage of work or any other intentional interruption of production. Any employee of the bargaining unit who takes part in any such mentioned activities may be discharged or otherwise disciplined by the Company. Any such discharged or disciplined employee shall have access to the grievance procedure of this Agreement; however, the only defense that may be raised is that (1) there was no violation of this section, or (2) the employee was not involved in the alleged violation.

Section 2. The Company agrees that during the term of this Agreement, it will not, nor shall any of its agents or representatives, lock out any of the employees. A "lockout" is defined as the shutting down of its operation by the Company during negotiations in an effort to force the Union to accept the Company's position. The discharge of any employee for just cause shall not be considered as a lockout of such employee.

ARTICLE XIII HOURS OF WORK AND OVERTIME

Section 1. Work Day and Work Week – Eight (8) hours per day shall constitute a regular day's work. Forty (40) hours per week shall constitute a regular work week, Monday through Friday inclusive.

Section 2. Shifts – The first or regular day shift shall be an eight and one-half hour shift from 8:00 a.m. to 4:30 p.m. (starting and quitting times may be changed when mutually agreed upon by both parties), less thirty (30) minutes for lunch on employee's time. Pay for a full shift shall be a sum equivalent to eight (8) times the employee's regular hourly rate.

- (a) The second shift shall be an eight and one half (8-1/2) hour shift, from 4:30 p.m. to 1:00 a.m., less thirty (30) minutes for lunch on employee's time. Pay for a full second shift shall be a sum equivalent to eight (8) times the employee's regular rate, plus **fifty cents (\$.50)** per hour shift differential.

- (b) If the Company decides to establish a third shift, it shall begin at 1:00 a.m. and end at 8:00 a.m. The third shift shall be a seven (7) hour period, less thirty (30) minutes for lunch on Company's time. Pay for a third shift shall be a sum equivalent to eight (8) times the employee's regular hourly rate.
- (c) Each employee's scheduled starting time for regular shifts shall normally remain unchanged for five (5) day's; provided, such starting time may be changed by the Company upon forty-eight (48) hours notice, with due consideration for the desires of the affected employees.
- (d) Seniority shall govern employees assignment to shifts; however, the Company may require the necessary complement of qualified personnel to accept assignment to any shift.

Section 3. Overtime

- (a) All time which any employee works in excess of eight (8) hours in any one work day and forty (40) hours in any one work week shall be paid for at the rate on one and one-half (1-1/2) times the employee's regular straight time rate, provided that said employee has worked all of the hours of his regular shift. Absence because of reduced work schedule will not be cause for loss of overtime.
- (b) No employee shall be permitted to work in excess of forty (40) hours per week except as directed by the department supervisor.
- (c) When weekly scheduled overtime is necessary, the involved employees shall be notified twenty-four (24) hours in advance. If the overtime to be worked is for Saturday and Sunday, notice must be given by noon Thursday. In the event the Company has less than twenty-four (24) hours notice of such scheduled overtime requirement, or Saturday or Sunday overtime work due to production emergencies, it shall notify the involved employees as soon as reasonably practical. Employees accepting and then not reporting for overtime will be considered absent without approval and their records will be so noted.
- (d) The Company will equalize overtime as much as practical among employees in the same classifications; provided, that any employee who is working on a task or component for which overtime is scheduled at the end of his regular shift may be continued on such work for the overtime period; and, provided, that any employee who is working on a task or component when overtime is scheduled for Saturday and Sunday work will be given preference for the Saturday and Sunday overtime period.

Section 4. Pre Shift Work – Employees required to report for work prior to the starting time of their shifts will not be sent home early for the sole purpose of avoiding overtime pay.

Section 5. Saturday Work – Employees required to work on a Saturday shall be paid one and one-half (1-1/2) times their regular straight time rate for all hours worked on such Saturdays.

Section 6. Sunday Work – Employees required to work on a Sunday shall be paid double (2) times their regular straight time rate for all hours worked on such Sundays.

Section 7. Time Paid But Not Worked – All time paid for vacations and holidays will be considered for the purpose of qualifying for and computing overtime pay.

ARTICLE XIV WAGE RATES AND TEMPORARY ASSIGNMENTS

Section 1. The wage rates set forth in the attached Exhibit "A" shall be effective July 1, 2007, 2008, 2009.

Section 2. Pay day will be Thursday of each week for all wages earned during the preceding work week for the first and third shifts. The second shift will receive wages on Thursday night. Employees shall be paid during their respective shift.

Section 3. Employees who are laid off shall be paid in full at the time of layoff, except, on layoff of short duration, employees will be given the choice of receiving or declining vacation pay. The Company will make every attempt to give an employee three (3) working days notice of layoff, and schedule such layoffs so that Friday is the last scheduled work day for the employee being laid off. Employees who quit and give the Company forty-eight (48) hours notice shall receive their wages at the end of their last shift. If an employee quits without such notice, he shall receive his wages not later than the next regular payday. Employees who are discharged during regular office hours shall be paid immediately. Employees discharged other than during regular office hours shall be paid the next regular office day.

Section 4. Regular hourly rate as used through this Agreement shall be understood to be those rates attached hereto as Exhibit "A", said exhibit being part of this Agreement.

Section 5. Any employee temporarily assigned to a classification other than that which the employee holds, and when so assigned, said employee shall receive his own rate when filling a job paying a lower rate, and shall receive the higher rate when assigned to a higher paying classification for any hours worked during any work week in that higher classification.

ARTICLE XV REPORT-IN AND CALL-BACK PAY

Section 1. Employees who are scheduled to and do report for work at their scheduled starting time shall be guaranteed at least four (4) hours work or pay in lieu thereof, at their regular straight-time or applicable overtime rate, whichever applies; provided, however that this guarantee shall not apply in cases of disciplinary suspension or

discharge, or where the failure to provide work results from emergencies beyond the reasonable control of the company, such as accidents, fires, storms, floods or power failure.

Section 2. Employees required to report back to work after the end of their regular shift shall receive two (2) hours pay at their regular applicable overtime rate of pay.

ARTICLE XVI BREAK PERIOD

Section 1. All employees shall be entitled to a fifteen (15) minute break period the first half and the second half of each shift, plus a five (5) minute personal clean-up at the end of each shift.

Section 2. When employees work scheduled shifts of more than eight (8) hours, their break shall be as follows: Fifteen (15) minutes at the end of the first two (2) hours and each two (2) hours thereafter. No employee shall be allowed to leave the premises during break period without the permission of the department supervisor. The employee may leave Company property at lunch time.

ARTICLE XVII LEAVES OF ABSENCE

Section 1. Personal Leave – Leave of absence without pay may be granted to employees by the Company, upon written request, for urgent substantial reasons for a period not to exceed ninety (90) days. Seniority shall continue to accrue for the period of such absence.

Section 2. Union Leave – The Company shall grant leaves of absence of not more than thirty (30) days to not more than three (3) employees at any one time for the purpose of attending Union conferences, conventions, training programs or transacting other legitimate Union business. An employee absent under this section shall continue to accrue seniority for the period of authorized absence.

Section 3. Disability Leave – An employee who becomes too sick or disabled to work shall be granted a leave of absence to cover such period of illness or disability and shall continue to accrue seniority for the period of such absence for the first eighteen (18) months of such leave.

Family and Medical Leave of Absence – Furthermore, the Company will grant a leave of up to twelve (12) weeks in any rolling twelve (12) month period to an employee who has completed at least one (1) full year of seniority and has worked at least 1,250 hours in the twelve (12) month period preceding the leave for any of the following reasons:

- Birth of a child (including prenatal care), and to care for the newborn child;
- Placement of a child for adoption or foster care;
- To care for a spouse, child or parent with a serious health condition; and/or;

- To deal with the employee's own serious health condition that renders the associate unable to perform the essential functions of the associate's job.

(A "serious health condition" is an injury, illness, impairment, physical or mental condition that involves inpatient care or continuing treatment by a health-care provider.)

Submitting Your Request – Employees shall submit the Request of Leave Form at least thirty (30) days in advance of the requested start of the leave, if the leave is foreseen. If the leave is unforeseen, the employee shall provide as much prior notice as possible. After receiving the request form, the Human Resources contact will notify the employee whether the leave is classified as a Family and Medical Leave of Absence (FMLA).

Substitution of Paid Leave – Any accrued vacation and other qualifying leave time will be used concurrently with the twelve (12) weeks of FMLA leave. When these benefits are exhausted, the remainder of the leave will then be without pay.

FMLA Leave for Childbirth or Placement – Such leave must conclude twelve (12) months after the birth or placement of the child.

Husband/Wife are both Employed by the Company – A combined total of twelve (12) weeks of FMLA leave within the "twelve (12) month period" may be taken for the birth or placement of a child or to care for an employee's own seriously ill parent. This period can be split between the husband and wife in any proportions they choose. Such leave will be charged against that employee's available twelve (12) weeks of FMLA leave for his/her own serious health condition or to care for a child or spouse with a serious health condition.

Intermittent Leave – Intermittent leave or reduced-scheduled leave due to a serious health condition of oneself, child, spouse or parent may be granted on a case-by-case basis depending on medical necessity. Intermittent leave for childbirth or placement of a child may also be granted at the discretion of the Company, dependent upon the circumstances. If intermittent leave is approved, the Company and the Union may decide to temporarily transfer the employee to an alternate position within the Union, for which the employee is qualified, which has equivalent compensation and benefits, in order to better accommodate an irregular leave.

Medical Certification – Employees seeking leave for any medical purpose will be required to submit the appropriate medical documentation on a special form obtained through the Human Resources contact at the following times:

- Initial request;
- Before returning to work (following a serious health condition to certify fitness for duty);
- If the employee is not returning to work following a leave during which the employer has paid health-care premiums; and/or
- Re-certification on a regular basis during leave

The Company reserves the right to require the employee to undergo a second independent examination by a Company-designated provider if deemed necessary by the Company.

Interim Benefits – All group health benefits will continue during FMLA leave. The employee will need to make arrangements with the Human Resources contact to submit their portion of the premium payments during the period of leave. If the monthly payment is more than thirty (30) days late, upon fifteen (15) days written notice, the Company's obligation to continue health-care coverage ceases. However, the Company may continue to pay the employee's share of the missed premium(s) during the leave period. The Company then reserves the right to recover missed payments through subsequent payroll deductions when the employee returns to work.

If the employee does not return from scheduled FLMA leave, except in the case of the employee's own or spouse's, child's or parent's serious health condition or another circumstance beyond the employee's control, the Company may consider the employee to have voluntarily resigned and recover all health premiums it paid on the employee's behalf during any unpaid FLMA leave. The Company may require medical certification of any alleged continued serious health condition.

If health coverage is discontinued because the employee has not made the required interim payments with the FMLA leave, upon the employee's return from FMLA leave, health benefits will be restored to the employee as if the leave had not been taken and the premium payment(s) had not been missed. The Company will then recoup the missed payment through payroll deductions.

Section 4. Military Leave of Absence – The Company will make up the difference between military pay and his regular salary for the first two (2) weeks of military duty for training in the Reserves and/or National Guard providing the employee has completed two thousand (2,000) hours of active employment with the Company.

In the event of an extended military leave, the Company will grant a military leave without pay. A statement from the military unit verifying the employee's orders must be given to the Union, as well as the Company's Human Resources contact immediately. Upon receipt of documentation from the employee, which indicates entry into any branch of the military forces of the United States, all salary and unused vacation allowances earned up to the induction date will be paid to the employee on the last day worked. Group insurance coverage will terminate at the end of the calendar month in which the leave commences.

Reinstatement rights of employees returning from the extended military leave of absence and requesting re-employment with the Company will be handled in accordance with federal laws, including USERRA and VEVRA. The Union will consult with the Company prior to taking any action with regard to an application for reinstatement of employment after a military leave of absence.

Section 5. An employee's seniority shall automatically terminate if he accepts employment with another company while on leave of absence. The employee may make application for and the Company may grant reasonable extensions of such leaves of absence. This shall not preclude the Company from granting leaves of absence to

employees who have been elected or appointed to fill public office for the period of such tenure of office.

Section 6. Eligible employees are entitled to reinstate to their former position or an equivalent position with equivalent employment benefits, pay, and other terms and conditions of employment as directed under appropriate laws upon their return from an approved leave, such as FMLA and/or military leave. Exceptions to this provision may apply if business circumstances have changed (i.e., if the employee's job is no longer available due to a position elimination).

ARTICLE XVIII SENIORITY

Section 1. Seniority Definitions – All employees covered by this Agreement who have completed the probationary period shall have plant-wide and classification seniority. Plant-wide seniority is defined as an employee's total length of continuous service obtained with the Company, which shall date from his last date of hire. Classification seniority is defined as an employee's total length of continuous service in a job classification computed from the date he first entered that position. For the purpose of this section, date of hire shall extend back to 1983 forward in accordance with hire-in dates.

Section 2. A seniority list showing (a) total continuous service with the Company, and (b) total accumulated service within a job classification shall be posted on the bulletin board in the plant once a quarter with a copy provided to the Shop Stewards.

Section 3. Lay Off – The Company shall give all employees affected by the layoff three (3) working days advance notice prior to their being affected. Copy of all such notices will be forwarded to the respective Shop Steward of the affected employee(s).

- (a) Lay off shall be by classification and plant-wide seniority. Junior employees who are curtailed in classification shall have the right to exercise plant-wide seniority over less senior employees, provided they are relatively equally qualified to perform the work. All probationary employees in the affected classification shall be laid off first.
- (b) Recall shall be by classification and plant-wide seniority. The senior employee on layoff shall be the first to be recalled when the Company recalls affected employees. The senior employee on curtailment in a classification shall be the first to be returned to his classification as openings occur, provided he is relatively qualified to perform the work.

Section 4. Employee Responsibility – Laid off employees shall keep the Company advised of their current mailing address and telephone numbers. The Company will give notice of recall by certified mail or telegram at last known address, and the employee must report within five (5) working days after the notice is sent, unless he is more than 300 miles from Garnett, Kansas, in which case the time shall be seven (7) working days. If the employee fails to so report, he shall be considered as having quit; provided that he is prevented from reporting due to illness, injury, act of God or failure to receive mail

delivery in time, he must report as soon as disability is removed and, if requested, must present evidence satisfactory to the Company that he was prevented from reporting within the above time limits by reasons listed above. The Company shall have the right to fill any such vacancy with a temporary employee until the recalled employee reports or is considered as having quit.

Section 5. Forfeiture of Seniority – Acquired seniority shall be forfeited and the employment relationship between the employee and Company shall cease for any one of the following reasons:

- (a) Voluntarily quitting of employment;
- (b) Discharge for just cause;
- (c) Absence from work for three (3) consecutive days without notifying the Company of the need for absence;
- (d) Absence for layoff or disability more than eighteen (18) months. Eligible employees who become too sick or disabled to work shall be granted a leave of absence under the conditions described in Article XVII;
- (e) Overstaying an approved leave of absence without obtaining an extension from the Company.

Section 6. Transfer out of Bargaining Unit – Employees who are transferred from the bargaining unit to positions with the Company outside the bargaining unit shall have his seniority frozen as of the date of transfer and he shall not accrue any additional seniority but shall retain the seniority he has then accrued in the bargaining unit, and in the event he is permitted to transfer subsequently back to the bargaining unit, he may exercise same in accordance with this paragraph.

Section 7. Bargaining Unit Work – Employees of the Company not covered by this Agreement, including supervisors, shall not regularly perform work of employees in the bargaining unit. However, it will not be considered a violation of this Agreement for supervisors to perform bargaining unit work under the following circumstances: (1) in case of emergency when bargaining unit employees are not available or cannot be contacted; (2) for instructional purposes (so as not to replace bargaining unit employees); (3) for checking set-up safety devices or new methods.

ARTICLE XIX JOB POSTING AND BIDDING

In the event that a permanent job vacancy occurs which the Company desires to fill, provided that no qualified employee is on layoff status, notice of such vacancy shall be posted for three (3) full working days (Saturdays, Sundays and holidays excluded). The posting shall designate the classification, rate of pay and shift of the opening position. Permanent vacancies shall be considered to mean a vacancy which the Company intends to fill for a period of more than thirty (30) days. Selection for transfer to such vacancy shall be made from qualified bidders; as between two or more qualified bidders, the following factors shall be considered, provided, however, that only where factor (a) is, in the judgment of the Company, relatively equal, shall factor (b) be controlling: (a) ability to perform the work; (b) length of continuous service. The employee who is awarded a vacancy will have **thirty (30)** working days to decide whether or not he desires to remain

on the job. In the event he decides within the **thirty (30)** working day period to return to the original job classification and rate of pay of his former classification, the job will then be again considered open. If the employee completes the **ninety (90)** day trial period, he shall have proved his ability to perform the job to the satisfaction of the Company. If the position is vacated for any reason within the next **thirty (30) working** day period, it will then be offered in seniority order to the remaining bidders.

Should the Company have a need to fill a higher job classification through the promotional process, the opportunity for training pertaining to this higher job classification (i.e B, A, or 1A) will be offered to employees in the next lower job classification within that family of classifications by seniority prior to training a probationary employee.

ARTICLE XX BEREAVEMENT LEAVE

In the case of death of a member of an employee's immediate family (to include the spouse, son, daughter, father, mother, brother, sister, mother-in-law, father-in-law, grandparents and grandchildren), employees shall be granted three (3) consecutive working days off with pay at their regular hourly rate of pay for such time lost, provided that one (1) of the three (3) days is the day of the funeral. It is understood that the relations as listed above are to include the following "step" relations: son, daughter, father, mother, brother, and sister as the same.

ARTICLE XXI JURY DUTY

An employee who is called for jury service shall be granted time off to fulfill this civic responsibility and shall be paid for each hour lost the difference between his regular hourly rate and the compensation which he receives for such jury service.

ARTICLE XXII MEDICAL TREATMENT

Any employee who is injured while performing services for the Employer to the extent that medical care is required shall be provided transportation to and from the place where such care is provided and shall be paid at his regular hourly rate for such time lost. Should the employee be sent home because of the injury, he shall be compensated for all scheduled time not worked on that day at the applicable rate.

Any employee who is required to take time off from his employment during working hours to secure medical treatment or diagnosis because of injuries or sickness resulting from an occupational accident or disease, shall be paid his regular hourly rate for such time lost. The necessity for taking such time off shall be supported by written evidence from the attending physician.

ARTICLE XXIII SAFETY

The Company agrees to provide a place of employment which shall be safe for employees and shall furnish and use safety devices in accordance with the Federal and/or State of Kansas safety laws. After an employee has completed the probationary period, the Company will pay once a year for the cost of prescription safety glasses for use at work, when such glasses are needed by the employee, and such glasses are obtained through the Company. Once a calendar year being defined as the period between January 1 and December 31 when the original invoice is received by the Accounting Department for payment.

A Safety Committee composed of two (2) representatives of management and two (2) representatives of the Union shall be established for the purpose of promoting safe working practices and eliminating unsanitary and unhealthy working conditions within the plant. The selection of the Union Representatives shall be the function of the Union. The committee shall meet not less than once a month for the purpose of discussing safety and health problems.

ARTICLE XXIV SICKNESS AND ACCIDENT INSURANCE

The Company will provide during the life of this Agreement, Sickness and Accident Insurance at no cost to the employee. Such insurance will pay the employee two-thirds (2/3) of his weekly rate of pay (i.e., the hourly rate of his job classification times forty (40) hours) for all medically verified illness, sickness and/or accidents. Such benefits shall begin after seven (7) days. Said benefits will be paid for a maximum of twenty-six (26) weeks.

ARTICLE XXV HOLIDAYS

Section 1. In the event an employee works on a day observed as a holiday, and such employee is qualified to receive holiday pay, he shall be paid eight (8) hours holiday pay at straight time plus double time for all hours worked on the following ~~ten~~ (10) designated holidays:

New Year's Day
Memorial Day
Independence Day
Labor Day
Thanksgiving Day
Day after Thanksgiving
Christmas Eve Day
Christmas Day
Employee's Birthday *

One roving holiday to be selected by the employee and approved by management. Must be taken in current calendar year.

*** Employee(s) will be permitted to take their birthday holiday any working day during the month in which their actual birthday falls.**

Section 2. If a holiday falls on Sunday, the following Monday will be observed, and if a holiday falls on Saturday, the Friday before will be observed as the holiday. If a holiday falls while the employee is on vacation, his vacation will be extended by one (1) day.

The Company will pay eight (8) hours at the employee's current regular hourly rate for each of the above listed holidays not worked. An employee who is eligible for holiday pay under this article is:

- (a) one who has worked thirty (30) working days in the twelve (12) month period immediately preceding the holiday, and
- (b) works as scheduled or assigned both on his last scheduled work day prior to and his first scheduled work day following the day on which the holiday is observed unless absence is due to personal illness and the employee furnishes satisfactory proof of such illness **from a licensed physician**;
- (c) if an employee is on extended medical leave, the Company will pay one-third (1/3) of the holiday pay for any holiday that falls in the first thirty (30) calendar days of the approved leave and nothing after that.

ARTICLE XXVI VACATIONS

Section 1. Employees in the active employment of the Company on their anniversary date of each calendar year, shall be entitled to vacation with pay during the following calendar year on the following basis:

1 year but less than 3 years – 1 week
3 years but less than 10 years – 2 weeks
10 years but less than 15 years – 3 weeks
15 years **but less than 30 years** – 4 weeks
30 years or more – 5 weeks

Section 2. The liability for the succeeding year's vacation pay shall accrue on employee's anniversary date. There shall be no right to accumulate vacations; all vacations must be taken not later than the end of the calendar year in which they fall due. However, an employee eligible for vacation time off with pay in excess of two (2) weeks shall not be obligated to take more than two (2) weeks vacation off. Such employees who have taken only two (2) weeks vacation time off and who have not been paid for the time in excess of two (2) weeks, shall be paid the remaining vacation pay due at the end of the calendar year in which eligibility is established.

Section 3. An employee who has completed one (1) year or more of service with the Company and who sustains a layoff or retires or passes away prior to his anniversary date in the current year, will be paid that percent of his vacation pay to which he is eligible and has earned from the previous anniversary date to the date of layoff, retirement or death. It is further understood that there is no option in this matter, with the

exception of layoffs of short duration as outlined in Article XIV, Section 3, and the employee shall receive said vacation pay in the current year at the time of layoff, retirement or death.

Section 4. An employee who is discharged or quits during the following calendar year before taking his vacation shall be entitled to vacation pay based on his prior calendar year service at the time of such quit or discharge. Such employee shall receive vacation pay for the calendar year he quits or is discharged. Such vacation pay shall be pro-rated to the date of his quit or discharge. An employee who quits without giving at least one (1) week written advance notice will not be entitled to receive any pro-rated vacation pay. The one (1) week advance notice will not apply to vacation taken instead of working his last week. All other cases, the employee shall normally be paid for vacation pay at the time he goes on vacation. However, an employee may request and receive vacation pay provided the request is made in writing at least two (2) weeks prior to the date payment is desired.

Section 5. The amount of vacation pay payable to an employee eligible therefore under Section 1 of this article shall be as follows: Vacation time off amount of vacation pay.

1 week – 2% of gross earnings during the preceding year
2 weeks – 4% of gross earnings during the preceding year
3 weeks – 6% of gross earnings during the preceding year
4 weeks – 8% of gross earnings during the preceding year
5 weeks – 10% of gross earnings during the preceding year

Section 6. Consistent with efficient operations, preference will first be given to senior employees in scheduling of vacations.

ARTICLE XXVII SAFETY SHOES AND GLOVES

The Company will reimburse the employee sixty percent (60%) of the cost for OSHA approved protective footwear, up to seventy-five dollars (\$75) maximum per pair. The Company will participate in this program up to a maximum of two (2) pair per employee per calendar year. **In lieu of the two (2) pair option, an employee may elect to purchase one pair of OSHA compliant safety shoes and shall be reimbursed seventy five percent (75%) up to one hundred dollars (\$100) per calendar year.** Per calendar year being defined as the period between January 1 and December 31 when the original invoice is received by the Accounting Department for payment.

The Company will provide, at no cost to the employee, all necessary welding and work gloves. Employees may receive replacement gloves by turning in their worn gloves to their supervisor for replacement.

ARTICLE XXVIII LIFE INSURANCE

The Company will continue to provide, at no cost to the employee, a twenty thousand dollar (\$20,000) life insurance policy throughout the term of this Agreement. An additional voluntary life insurance policy may be offered to interested employees who may desire to purchase additional coverage.

ARTICLE XXIX HEALTH INSURANCE

During the term of this Agreement, the **United Healthcare** plan will apply as the group medical insurance program. All details relating to benefits, eligibility, dates of effectiveness, etc. will be provided to employees in booklet or summary form. Should it become necessary during the term of this Agreement to change insurance carrier or program, the Company and Union shall meet to discuss and negotiate the alternatives.

Employees who elect to participate in the **United Healthcare** insurance program shall contribute toward the cost. At the employee's request, their contribution shall be deducted from pretaxed earnings.

Effective **August 1, 2007** the total cost of insurance to be shared sixty percent (60%) by the Company and forty percent (40%) by the employee.

Monthly total cost as of **August 1, 2007**:

Single Coverage - **\$243.21**

Family Coverage - **\$606.16**

| | <u>Employee</u> | <u>Company</u> |
|-----------------|-----------------|-----------------|
| Single Coverage | \$97.28 | \$145.93 |
| Family Coverage | \$242.46 | \$363.70 |

Any increases in premiums and/or assessments will be shared **sixty percent (60%)** by the Company and **forty percent (40%)** by the employee. Employee contributions will be deducted a month in advance.

ARTICLE XXX PENSION PLAN

Section 1. Effective **July 1, 2007** the Company shall pay into the Boilermaker-Blacksmith National Pension Plan, as contribution of the Trust which is a part thereof, the sum of **sixty five cents (\$.65)** per hour for each hour actually worked by each employee in the Garnett plant collective bargaining unit covered by this Pension Plan.

Effective **July 1, 2008** the Company shall pay into the Boilermaker-Blacksmith National Pension Plan, as contribution of the Trust which is a part thereof, the sum of **seventy five**

cents (\$.75) per hour for each hour actually worked by each employee in the Garnett plant collective bargaining unit covered by this Pension Plan.

Effective **July 1, 2009** the Company shall pay into the Boilermaker-Blacksmith National Pension Plan, as contribution of the Trust which is a part thereof, the sum of **eighty cents (\$.80)** per hour for each hour actually worked by each employee in the Garnett plant collective bargaining unit covered by this Pension Plan.

Section 2. The Company shall have no responsibility for providing pensions to the covered employees, nor any liability other than the payment, on a monthly basis, such amount as expressly required under this Agreement. It being understood that the rights of the participants in the plan are solely looking to the aforesaid trust fund for the payment of any benefits under the plan.

ARTICLE XXXI SCHOLARSHIP/COMPREHENSIVE SAFETY PROGRAMS

Employees who have completed their probationary periods are eligible to participate in the Company's Scholarship Comprehensive Safety Program. Probationary employees who have **successfully completed their probationary period** will be eligible to participate in the cost share on rental clothing. Due to the understanding that these programs are voluntarily initiated, the Company reserves the right to modify or terminate these programs in whole or in part by way of advance notification to all employees.

ARTICLE XXXII SUBSTANCE FREE WORKPLACE PROGRAM

By reference, the Memorandum of Agreement dated **July 1, 2007** establishing a Substance Free Workplace Program is, by reference, incorporated into this Agreement as if written out herein.

ARTICLE XXXII EXTENT OF AGREEMENT

The parties agree that this Agreement cancels and supersedes any and all previous practices between the parties, written or oral, expressed or implied, and the express terms of the Agreement, effective **July 1, 2007** with the attached Exhibit "A" shall be the sole source of either party's contractual rights. No oral agreement, alteration, understanding, variation, waiver or modification of any of the terms or conditions contained herein shall be made by the Union or any employee or group of employees with the Company. However, any amendments reduced to writing and executed by authorized representatives of the Union and the Company shall be binding and shall become a part of this Agreement, subject to all of its terms.

**ARTICLE XXXIV
TERMINATION AND DURATION**

The terms and conditions of this Agreement shall remain in effect from July 1, 2007 through June 30, 2010, and from year to year thereafter, **unless on or before sixty (60) days prior to June 30, 2010, the Company notifies the Union, or the Union notifies the Company, in writing, of its desire to modify or amend or terminate said Agreement.**

IN WITNESS WHEREOF, THE COMPANY AND THE UNION HAVE, THROUGH THEIR REPRESENTATIVES, AFFIXED THEIR SIGNATURES THIS 28TH DAY OF SEPTEMBER, 2007.

FOR THE COMPANY:


Taylor Forge Engineered Systems, Inc.



President
Taylor Forge Engineered Systems, Inc.



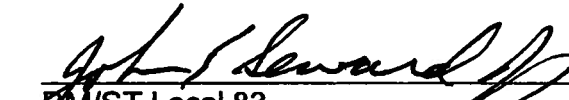
General Manager
Taylor Forge Engineered Systems, Inc.



Plant Manager
Taylor Forge Engineered Systems, Inc.

FOR THE UNION:

International Brotherhood of Boilermakers
Iron Ship Builders, Blacksmiths, Forgers,
and Helpers – Local Lodge 83



BM/ST Local 83



Bargaining Committee Member



Bargaining Committee Member



Bargaining Committee Member

EXHIBIT "A"

JOB CLASSIFICATION / WAGE RATES PER HOUR

Effective July 1, 2007 there shall be an increase of **three and three-quarters percent (3¾%)** per hour across the board.

Effective July 1, 2008 there shall be an increase of **three and one-half percent (3½%)** per hour across the board.

Effective July 1, 2009 there shall be an increase of **three percent (3%)** per hour across the board.

JOB CLASSIFICATION

The Company will add **two new classifications to be designated Class "1A Maintenance" to be paid at the Class 1A Fabricator classification, and "1B Shipping & Receiving" to be paid at the midpoint between the "B" and "A" classifications effective July 1, 2007, and then be paid at the appropriate rate of increase as governed by the across the board percentage rates.**

| <u>CLASSIFICATION</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|---------------------------------|--------------------|--------------------|--------------------|
| Leadman | \$18.53 | \$19.18 | \$19.76 |
| Class 1A Fabricator/Maintenance | 17.81 | 18.43 | 18.98 |
| Class 1A Machinist | 17.47 | 18.08 | 18.62 |
| Class A | 17.12 | 17.72 | 18.25 |
| Class 1B Shipping & Receiving | 16.41 | 16.98 | 17.49 |
| Class B | 15.69 | 16.24 | 16.73 |
| Class C | 14.28 | 14.78 | 15.22 |
| New Hire | 10.83 | 11.21 | 11.55 |

Available Job Classes by Department

| <u>Fabrication</u> | <u>Extrusion/Machine Shop</u> | <u>Maintenance</u> | <u>Shipping & Receiving</u> |
|---------------------------|--------------------------------------|---------------------------|--|
| Leadman | Leadman | Class 1A | Class 1B |
| Class 1A | Class 1A | Class A | Class B |
| Class A | Class A | Class B | Class C |
| Class B | Class B | Class C | New Hire |
| Class C | Class C | New Hire | |
| New Hire | New Hire | | |

NOTE 1: If, during the term of this Agreement, new job classifications are created, then such new job description and rate of pay will be subject to negotiations at time of establishing new positions.

NOTE 2: All job descriptions include statement "and other duties as may be assigned".



TAYLOR FORGE ENGINEERED SYSTEMS, INC.

208 N. Iron • Paola, Kansas 66071
Tel: 913-294-5331 • Fax: 913-294-5337
E-mail: engineered@tfes.com



LETTER OF UNDERSTANDING – HOURS OF WORK

This Letter of Understanding is between Taylor Forge Engineered Systems, Inc. (Company) and Boilermakers Local Lodge No. 83 (Union) for the purpose of setting forth specifics as it relates to the Hours of Work for the Garnett, KS facility.

It is understood that the Hours of Work, Core Hours, and Breaks for the 1st and 2nd shifts at the Garnett, KS facility will be as shown below:

Core Hours (10 hour days)

1st Shift: 7:00 a.m. – 3:30 p.m.
2nd Shift: 4:30 p.m. – 1:00 a.m.

1st Shift (10 hour days)

6:00 a.m. Start of the Overtime Shift
7:00 a.m. Start of the Regularly Scheduled Shift
9:00 – 9:15 a.m. Break
11:00 – 11:30 a.m. Lunch
1:30 – 1:45 p.m. Break
3:30 p.m. End of the Regularly Scheduled Shift
3:30 – 3:45 p.m. Break (Only for those employees starting at 6:00 a.m. and working until 4:30 p.m.)
4:30 p.m. End of the Overtime Shift

2nd Shift (10 hour days)

4:30 p.m. Start of the Regularly Scheduled Shift
6:30 – 6:45 p.m. Break
8:30 – 9:00 p.m. Dinner
11:00 – 11:15 p.m. Break
1:00 a.m. End of the Regularly Scheduled Shift
1:00 – 1:15 a.m. Break (Only for those employees starting at 4:30 p.m. and working until 3:00 a.m.)
3:00 a.m. End of the Overtime Shift

Core Hours (8 hour days)

1st Shift: 7:00 a.m. – 3:30 p.m.
2nd Shift: 3:30 p.m. – 12:00 a.m.

1st Shift (8 hour days)

7:00 a.m. Start of the Regularly Scheduled Shift
9:00 – 9:15 a.m. Break
11:00 – 11:30 a.m. Lunch
1:30 – 1:45 p.m. Break
3:30 p.m. End of the Regularly Scheduled Shift

2nd Shift (8 hour days)

3:30 p.m. Start of the Regularly Scheduled Shift
5:30 – 5:45 p.m. Break
7:30 – 8:00 p.m. Dinner
10:00 – 10:15 p.m. Break
12:00 a.m. End of the Regularly Scheduled Shift

Modifications to the break times, lunch/dinner times, and overtime allocation times will be by mutual agreement between the Company and the Union.

This Letter of Understanding will expire on June 30, 2010 at which time the Hours of Work will be in accordance with Article XIII of the Bargaining Agreement (dated July 1, 2007).

FOR THE COMPANY

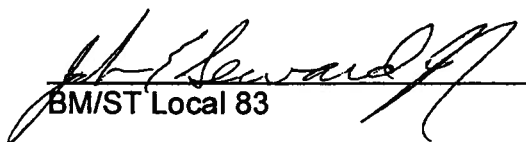

Rick Pysher, GM – Taylor Forge


Mike England, Plant Mgr. – Taylor Forge

7-16-08

Date

FOR THE UNION


BM/ST Local 83


Bargaining Committee Member


Bargaining Committee Member


Bargaining Committee Member

GARNETT - RULES and DISCIPLINARY ACTION FOR INFRACTIONS

| OFFENSE | DISCIPLINARY ACTION | | | |
|--|--|-----------------------|-------------------------------|--|
| | <u>1st</u> | <u>2nd</u> | <u>3rd</u> | <u>4th</u> |
| 1. Tardiness, absence, and/or leaving plant early with notice to Supervisor | A warning letter will be issued for the 10 th absence in the same rolling twelve (12) month period. A 3-day suspension will be issued for the 11 th absence in the same rolling twelve (12) month period. The 12 th absence in the same rolling twelve (12) month period will be disciplined up to and including discharge. (See Attendance Policy, dated 7-1-07) | | | |
| 2. Lack of Production | Written Warning | Written Reprimand | 3-days Suspension | Up to and including discharge |
| 3. Poor Workmanship | Written Warning | Written Reprimand | 3-days Suspension | Up to and including discharge |
| 4. Leaving plant during working hours without notification | Up to and including discharge | | | |
| 5. Disregard for Safety Rules | Written Reprimand | 3-days Suspension | Up to and including discharge | |
| 6. Flagrant violation of Safety Rules which places employee and/or others in danger | Up to and including discharge | | | |
| 7. Stealing or willfully destroying and/or defacing property of the Company or fellow employee. | Up to and including discharge | | | |
| 8. Insubordination – refusing to obey orders or instructions of supervisor. Threatening or interfering with supervisors or any other employee. | Up to and including discharge | | | |
| 9. Being under the influence or having possession of any non-prescribed intoxicant, drug, or narcotic at any time while on Company property. | Up to and including discharge | | | (Will be administered per Memorandum of Agreement, dated 7-1-07) |
| 10. Fighting | Up to and including discharge | | | |
| 11. Sleeping | Up to and including discharge | | | |
| 12. Time Reporting – Tampering with own or others, or knowingly reporting time for another employee. | Up to and including discharge | | | |
| 13. Possession or release of firearms or fireworks on Company property. | Up to and including discharge | | | |

MEMORANDUM OF AGREEMENT
between
Taylor Forge Engineered Systems, Inc
and
International Brotherhood of Boilermakers, Iron Ship Builders,
Blacksmiths, Forgers and Helpers
Local Lodge 83

Preamble

Article I of the Agreement effective July 1, 2007 provided the Parties would work in harmony towards achievement of certain goals and to strengthen good will. Accordingly, they hereby enter into the following "Substance Free Workplace Program". Said agreement is further consummated for the purpose of satisfying provisions of the Drug Free Workplace Act of 1988.

Employees who voluntarily enter into such a rehabilitation program (as defined in Section 2.C.) prior to being selected for any of the testing set forth in Section 6 shall not be subject to suspension or discipline as outlined below in Section 5 of this Agreement during the rehabilitation program, provided the employee notifies Employer in writing of said admission and the employee successfully complies with and completes the rehabilitation program. Immediately upon the employee's return to work, this Agreement shall be in full force and effect.

Section 1. Drug and Alcohol Testing - Statement of Policy and Goals

- A. The Parties are strongly committed to promoting and maintaining the safest, healthiest, and most productive work environment possible for all employees.
- B. As part of this commitment and in recognition of its responsibilities to its employees, customers, and community, Taylor Forge Engineered Systems, Inc. will take the following steps to assure a drug, alcohol, and controlled substance free environment at the Garnett, Kansas facility.
 - 1. Education of all employees to the hazards and consequences of drugs and alcohol abuse in or out of the workplace.
 - 2. Establish comprehensive procedures to protect all employees from the abuse of drugs and alcohol.
 - 3. Establish programs to assist employees in dealing with their own drug and alcohol related problems.
- C. In addition, Taylor Forge Engineered Systems, Inc. as a federal contractor, is committed to full compliance with the provision of the Drug Free Workplace Act of 1988.

Section 2. Definitions

A. Alcohol and drugs

The terms "drug(s) and alcohol", "drug(s) or alcohol", "illegal substance", or "illegal drug" as used herein are synonymous and shall mean the following:

1. Alcohol;
2. Any substance which is not legally obtainable;
3. Any drug which is legally obtainable but has not been legally obtained;
4. Any prescription drug legally obtained but not being used for prescribed purposes;
5. Any combination of these.

B. Testing

1. The terms "testing agency", "testing laboratory", "laboratory", and "designated laboratory" are synonymous and refer to a NIDA certified laboratory.
2. Upon the establishment and implementation of the drug and alcohol testing set forth in Section 6 of this agreement, the Employer will select a Third Party Administrator (TPA) that will be responsible for providing the random donor selection, the drug and alcohol screenings, the certified laboratory, and the Medical Review Officer (MRO). An unbroken chain of custody of the specimen from the time it is taken from the employee up through the time the laboratory tests the specimen shall be preserved. Tamper-proof sample-handling methods must be observed; and the laboratory must follow the test manufacturer's instructions in both administration of the test and the reporting of results as "positive" or "negative".

C. Rehabilitation

Refers to an individualized program of counseling or treatment: (either of an in-patient, out-patient, or behavior modification type) of a defined duration with specific goals and accountabilities under the direction of appropriate medical, psychiatric, psychological, social work, or rehabilitation professionals, in a defined and authorized treatment setting.

D. Employee Assistance Program (E.A.P.)

Refers to a program to allow employees troubled by emotional, psychological, or substance dependency problems to be referred to an appropriate resource for assistance in dealing with the specific problem. This can be accomplished through the existing Company benefit program or by referral to an appropriate local, public, or private resource.

E. Diluted Specimen

A diluted specimen occurs when an individual has ingested high levels of liquid or adds a liquid to the collected specimen in order to decrease the concentration of the specimen.

F. Substituted Specimen

A substituted specimen is when something other than human urine or urine belonging to an individual other than the employee being tested has been submitted as the collection sample. Specimens that are something other than human urine do not exhibit the clinical signs or

characteristics associated with normal urine.

G. Adulterated Specimen

An adulterated specimen is when an individual has introduced a foreign substance into the collection sample to intentionally disguise drugs in the urine.

Section 3. Training

A. The training and education of all employees, supervisors, and managers is essential to the success of this agreement to assure the health and safety of every employee of Taylor Forge Engineered Systems, Inc.

B. Specific training programs will include:

1. New Employee orientation - each new employee will, as part of orientation, be made aware of the health and safety hazards of the abuse or misuse of alcohol and controlled substances. Each new employee shall be made aware of the provisions of the Substance Free Workplace Program, the safety procedures, location work rules, and the content and intent of this agreement, its provisions, and programs.
2. Substance and Alcohol Abuse Awareness - each employee will receive periodic training and familiarization with various aspects of substance abuse, its impact, implications, and existing community resources and programs.
3. Awareness Training - all supervisory, management, and Union Committee personnel will be trained in detection. Supervisors, managers, and the Union Committee members will be familiarized with all procedures related to administering substance abuse programs including the testing, notice, confidentiality, referral, and disciplinary procedures.
4. Substance Free Workplace Program - Familiarization - all employees will be made aware of this program, its provisions, services, confidentiality, and intent.

Section 4. Notice and Posting

Provisions will be made by the Employer to assure that sufficient information as to the content, compliance requirements, penalties, disciplinary actions, individual rights, confidentiality assurances, and due process of this agreement will be disseminated to all employees.

Section 5. Rehabilitation

A. Employees suspected by the Company of being under the influence of illegal drugs and/or alcohol may be suspended and will, in lieu of additional disciplinary action, be given the opportunity of entering a rehabilitation program, unless otherwise stated in Section 8 of this Agreement. Such suspension may not exceed five (5) working days. Immediately thereafter, the employee (where agreed) will be placed into the rehabilitation program. The initial consultation for rehabilitation must be arranged by the employee within ten (10) working days after receipt of the confirmed positive test results. Should the employee elect not to enter said

program, the Company may proceed in accordance with Section 8 of this agreement and the burden of proof shall rest on the Employer.

- B. There shall be no additional discipline or discharge, other than the initial suspension, if imposed, of any employee for his or her first incident of drug or alcohol abuse if the employee enters and successfully completes a rehabilitation program, unless otherwise stated in Section 8 of this Agreement. Thereafter, commencing with the second such incident, the normal discipline and discharge provisions of this agreement shall apply, and the burden of proof shall rest on the Employer.
- C. Time spent in the rehabilitation program, will be paid at two-thirds (2/3) of the employees weekly rate of pay (i.e. weekly rate of pay equals the hourly rate of employees job classification times 40 hours), up to a maximum of twelve (12) weeks pay.

Section 6. Testing

Testing can only occur under the following circumstances:

- A. Pre-employment - for all new hires.
- B. On a periodic, random basis not to exceed **three (3) times** every twelve months. Random testing shall be in accordance with Section 6.H. of this Agreement.
- C. As soon as possible following an OSHA recordable accident and when designated by Company management following any injury incident or substantial damage to Company property. All employees directly involved in any of these situations may be subject to testing within 24 hours of Company's knowledge of said occurrence.
- D. Subsequent to successful completion of the rehabilitation program, on a random basis. Upon completion of the rehabilitation program, the employee will immediately be returned to service and the employer may, for a period of one (1) year following release from the rehabilitation program, perform unlimited random tests. If the employee tests positive, he/she will be subject to discipline, up to and including discharge. During these tests the employee will not be suspended.
- E. Upon reasonable suspicion that an employee has consumed any substance or item prohibited by this Agreement. Testing will be conducted when a trained person observes behavior or appearance that is characteristic of alcohol or controlled substance use.
- F. Employees returning from a three (3) month or longer absence from work (i.e. layoff, sick leave) who have not been randomly tested within the last twelve (12) month period.
- G. Testing will be done at Company expense (except as otherwise set forth in Section 6), at locations agreed to by the Company and Union.
- H. Random Testing
 - 1. The Company's intention is to randomly test employees throughout the year at intervals not to exceed those stated in this Agreement.

2. The TPA will be responsible for generating the random lists of donors that will be tested and will decide which days throughout the year the testing will take place. These random lists will be computer generated and have no human influence. No Taylor Forge Engineered Systems, Inc. (TFES) employee will have prior knowledge of which names are on the lists or which days the testing will occur.
3. Prior to arrival at the TFES facility, the TPA will provide the designated Company representative with the list of employees that are to be tested at that particular time. A Union representative will be informed prior to Bargaining Unit employees being notified for testing. All those employees on the list that are present will be required to report immediately for testing. Those employees that are on the list and not present during the time of testing will have their names put back into the system for future random selection.

I. First Test

1. The testing laboratory shall employ an initial screening test, which may be a chromatographic, or an immunoassay test and Breathalyzer. If, and only if, the initial screening test is positive, a second, confirmatory test shall be performed using gas chromatography/mass spectrometry.
2. If the laboratory returns a diluted specimen test result, the employee will be retested. If the results from the retest come back as diluted, the employee will be required to take a second retest. The specimen collection for the second retest will be observed by someone of the same sex as the person being tested. If the results from the second retest come back as diluted, the results will be considered negative.
3. If the laboratory returns an adulterated or substituted specimen test result, the Company may proceed in accordance with Section 8 of this Agreement.
4. If the Collector determines that the specimen is outside of the normal temperature range, the employee will be required to provide a second specimen that will be observed by someone of the same sex as the person being tested. Both specimens will be sent to the laboratory for testing. If the test results from the second specimen are confirmed positive, the first specimen will be referred to as a confirmed temperature problem specimen and will be subject to disciplinary action in accordance with Section 8 of this Agreement.

J. Second Test

1. Assuming that questions may be raised concerning accuracy of the test administered, a portion of each specimen(s) will be preserved for private testing by the employee.
2. If an employee disputes such initial test results, the employee may, at his or her own expense and in a qualified laboratory retest the preserved portion of the original specimen submitted, but such test, procedures, and laboratory must equal or exceed the standards set forth herein.

K. Third Test

Should the test conducted by the management show a conclusive positive, and the test conducted by the employee show a conclusive negative, the employee may be held out of service, pending resolution, in the following manner:

1. The Employer and the Union will mutually agree upon a third laboratory.
 2. Such third laboratory will conduct testing in accordance with provisions of this Agreement.
 3. Test results of such third test shall be binding on the employee, the Union, and the Employer.
 4. The Employer shall pay the expense of such third test.
- L. Upon receipt of negative test results from the third laboratory, the employee shall immediately be returned to service and paid for all time lost.
- M. Should such test results prove positive, the employee may continue to be held out of service and/or discharged.
- N. No test results or reference to testing shall be admissible by the Company in any grievance or arbitration proceeding conducted under this agreement unless the test was conducted in strict conformity with the procedures set forth herein. Likewise, no employee shall have entries made on his/her service record, or be otherwise disciplined, unless tests were conducted in accordance with procedures set forth in this agreement.
- O. All records of tests will be confidential and maintained with the individual employee's medical records. Negative test results may not be referred to in any future matters. For pre-employment testing, determination of action will occur after results are received. Any employee's refusal to submit to testing for drugs, as set forth in Section 6, may result in immediate discharge. In cases of testing for alcohol, as set forth in Section 6, where a breathalyzer is utilized, if the employee refuses to submit to immediate testing, the employee may be discharged.
- P. Time spent in the actual testing procedure by the employee, including travel to and from, at Company direction will be paid at the applicable regular or overtime rate.
- Q. The Union and the Company must, by mutual agreement, establish the level at which test results will be reported "positive" or "negative". In the case of alcohol testing, this level shall be per DOT 49 CFR Part 40. For the purpose of drugs, the Parties have agreed to Attachment "A" on cut-off levels. Levels of drugs not covered will be mutually agreed upon between the Union and the Company.
- R. Specimen collection for tests under Section 6 shall be accomplished in a manner compatible with employee dignity. Where it is necessary to have a witness present during specimen collection for a urinalysis test, the witness shall be of the same sex as the person being tested.
- S. The parties recognize that drug testing may reveal highly personal and private information concerning individual employees, which is unrelated to the employment of the employee or any other legitimate concern of outside parties. Therefore, to protect the right of privacy of individuals, test results will be shared only with the following persons or parties, and only for the following purposes:
1. The employee tested, for any purpose designated by that employee;

- B. The MRO will be responsible for reviewing test results and making final determination whether or not the employee has been exposed to an illegal substance.
- C. If the report from the testing lab indicates an employee has tested positive, the MRO will contact the employee to determine if the employee has justifiable reasons for testing positive. If reasons given by the employee are acceptable to the MRO, then the report to the Company will indicate the employee has tested negative. If the reasons given by the employee are not acceptable, the MRO will report the test positive. If the MRO is unable to contact the employee, the MRO will request assistance from the Company in contacting the employee. If the employee has not contacted the MRO after three (3) working days from the time the Company notified the employee, the MRO will report the test positive.
- D. The MRO will be responsible for approving the rehabilitation program prior to commencement of the program.
- E. The MRO will evaluate the employee's progress in rehabilitation and will make the final determination as to whether or not the employee has satisfactorily completed the rehabilitation program.
- F. The MRO may recommend that an employee take additional rehabilitation for any chemical uses identified in the evaluation if he believes same is necessary as a condition of the employee being returned to service.
- G. Once the employee has satisfactorily completed rehabilitation and returned to service, the MRO may make recommendations to the Employer that said employee be tested for use of an illegal substance or alcohol.

Section 8. Discipline

- A. No discipline will be administered, if the employee enters and successfully completes the rehabilitation program, unless otherwise stated in Section 8 of this Agreement.
- B. The employee shall be subject to discipline up to and including discharge if:
 - 1. The employee fails to enter and successfully complete the rehabilitation program.
 - 2. The employee tests positive after completing the rehabilitation program.
 - 3. The employee fails to sign and acknowledge an agreement as to the terms and conditions of the rehabilitation program.
 - 4. The employee provides an adulterated, substituted, or confirmed temperature problem specimen during any of the testing put forth in this Agreement.
 - 5. The employee tests positive during their probationary period.
- C. In any case involving discipline, the employee and/or the Union may handle the matter in accordance with the controlling agreement.

Section 9 Fresh Start

- A. Employees who have no discovered relapse during a three-year period following treatment under the "Substance Free Workplace Program" will be considered as starting fresh under this policy with the exception of Section 5.C.. Therefore, an employee with a clean testing period over a three (3) year period shall have all rights reestablished under this Program with the exception of Section 5.C..

This agreement shall be considered an integral part of the agreement effective July 1, 2007, subject to Article XXXII thereto.

TAYLOR FORGE ENGINEERED SYSTEMS, INC.



President
Taylor Forge Engineered Systems, Inc.

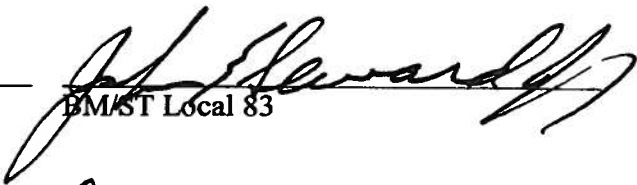


General Manager
Taylor Forge Engineered Systems, Inc.



Plant Manager
Taylor Forge Engineered Systems, Inc.

INTERNATIONAL BROTHERHOOD OF
BOILERMAKERS, IRON SHIP BUILDERS,
BLACKSMITHS, FORGERS, AND HELPERS
LOCAL LODGE NO. 83



BM/ST Local 83



Bargaining Committee Member



Bargaining Committee Member



Bargaining Committee Member

9-28-07
Date

Bargaining Committee Member

ATTACHMENT "A"

| <u>DRUGS</u> | <u>SCREEN (ng/ml)</u> | <u>CONFIRMATION (ng/ml)</u> |
|---------------------|------------------------------|------------------------------------|
| Marijuana | 50 | 15 |
| Cocaine | 300 | 150 |
| Opiates | 2000 | 2000 |
| Phencyclidine (PCP) | 25 | 25 |
| Amphetamines | 1000 | 500 |